

Message Text

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47

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 FEAE-00 TRSE-00 OMB-01

INT-05 FRB-01 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 CIEP-01 EB-07 COME-00 OES-03 /089 W

----- 113123

R 260730Z NOV 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 9380

INFO AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 6942

E.O. 11652: GDS

TAGS: EFIN, SA, JA, US

SUBJECT: TERMS OF ONE BILLION DOLLAR DEPOSIT

1. JAPANESE EMBASSY SOURCE HAS CONFIRMED THAT JAPANESE GOVERNMENT SENT A SECRET EMISSARY TO DISCUSS SPECIAL COMMERCIALDEPOSIT IN JAPANESE BANKS SOME TWO MONTHS AGO. COMMERCIAL BANKS HAD RUN OUT OF AVAILABLE MEANS OF RECYCLING PETRODOLLARS FOR FURTHER CRUDE OIL PURCHASES. TOKYO AGREED, IN EXCHANGE FOR A ONE BILLION FIVE-YEAR DEPOSIT BY THE SAUDIS, TO GUARANTEE THE 10.25 PERCENT INTEREST RATE.

2. GOVERNOR ALI MADE THE DECISION ON THE DEPOSIT ENTIRELY ON HIS OWN INITIATIVE, ACCORDING TO THE EMBASSY SOURCE AND FURTHERMORE INDICATED THAT IF THE JAPANESE GOVERNMENT NEEDED AN ADDITIONAL DEPOSIT OF THIS NATURE IT WOULD PROBABLY BE FAVORABLY CONSIDERED.

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3. THE JAPANESE EMBASSY SOURCE NOTED THAT RESERVES OF JAPAN HAD SHRUNK FROM 16 BILLION TO 10 BILLION DOLLARS AND WERE STILL GOING DOWN. COMMENT: WITH INTEREST RATES NOW DECREASING IT IS CLEAR THE JAPANESE GOVERNMENT WILL HAVE TO PICK UP A CONSIDERABLE AMOUNT OF THE YEARLY COST OF THIS DEPOSIT.
AKINS

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NNN

Message Attributes

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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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30 JUN 2005

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